Children's Hospital of Philadelphia
PolicyLab

Growing Inequality in Health Care Coverage Through Work Creates Urgency for CHIP Reauthorization

Population Health Sciences

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As the 100-day mark since Congress let the Children's Health Insurance Program's (CHIP) funding lapse has passed, and as families nationwide begin to receive letters that they may soon lose their children's' insurance, we have been reflecting on how and why CHIP has become so important in the health care debate.

It used to be that health insurance offered through an employer was a great workplace equalizer; the CEO and a line worker in the same company were likely to be covered by the same insurance plan. There was something quite unifying and democratic about the idea that when it came to illness, at least for people who worked together, everyone had access to the same benefits. And whether you had a spouse or children, work would cover them, too. This is no longer our reality.

Today, it is less and less likely that a boss and his or her employees are covered by the same health coverage plan – and some executives have an entirely different set of plan options than their employees. But even when executives and their employees are choosing from among the same health care plans, the growing disparity in the affordability of coverage options makes the process of choosing a plan very different for the average worker.

Companies now typically offer health plans that are vastly different than what they offered before. Today's plans have higher premiums, charge more for family coverage (if family coverage is provided at all), often require a very high deductible before coverage even begins, and make patients pay a portion of any doctor's bill. The result is that seemingly less expensive plans can have out-of-pocket costs that may exceed $10,000 before any insurance kicks in, creating a financial barrier to seeking care. In fact, over the last decade, the number of plans with deductibles has dramatically increased, from 55 percent in 2006 to 83 percent today, with average deductibles for those plans increasing by $1,100 in just 10 years.

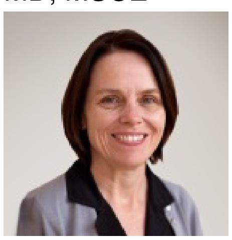
Suddenly, what *was* the great equalizer for generations past is no longer the equalizer today. Executives with higher salaries can often find ways to make a higher deductible or additional co-pays fit into their monthly budget. A salaried employee earning, say, $30,000 a year, can struggle with this option and may defer needed care for themselves or a family member in order to afford groceries or other necessities for the month. Thus, while both types of employees technically have the same coverage, one can afford to use it and the other cannot.

So, how are families in America reacting? Until recently, this growing inequality in the affordability of health care through work has been tempered by the growth in public insurance options for families. No longer offered affordable family coverage – or any family coverage – through their employer, low- and moderate-income working families have been increasingly covering their children through Medicaid and CHIP. According to a PolicyLab study published in *Health Affairs*, between 2008 and 2013 there was more than a 30 percent increase in the proportion of low-income working parents who themselves had insurance through work, but whose children were insured through Medicaid or CHIP.

And these public plans are a *better* option for kids. For 50 years, Medicaid has included specific pediatric requirements to make sure kids got the right care and, CHIP, which lawmakers created in a bipartisan way 20 years ago, also specifies a set of benefits, from vision to dental to mental health care, to make sure kids get what they need. Employer-sponsored care doesn't have these same requirements. So it's not that surprising that our research found families with kids who had access to public coverage, as compared to families with kids with private coverage, reported equal, if not better, satisfaction with their access to necessary services such as dental care and preventive medical visits.

All of this puts the importance of the CHIP program in a different light. If the trend we documented continues – and we see no reason why it will not – employer-sponsored coverage will become a less affordable option for working families. This means that beyond arguing just for CHIP's continuation, we should be looking at ways to ensure all families can cover their children through a program like CHIP with its pediatric-specific, comprehensive health care. And then we'd be having a real discussion about equity again.


David Rubin
MD, MSCE


Kathleen Noonan
JD

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